

Message Text

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53

ACTION EB-07

INFO OCT-01 NEA-06 ISO-00 PA-01 PRS-01 USIA-06 CIAE-00

INR-05 NSAE-00 RSC-01 COME-00 TRSE-00 AID-05 CIEP-01

OPIC-03 OMB-01 XMB-02 /040 W

----- 086457

R 171225Z DEC 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5731

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FOLLOWING TEL SENT ACTION NEW DELHI INFO CALCUTTA MADRAS ON
DEC 16. NOW REPEATED FOR YOUR INFO.

QUOTE

LIMITED OFFICIAL USE BOMBAY 2918

E.O. 11652: N/A

TAGS: BBAK IN

SUBJ: HERCULES POWDER DO. DECIDES TO DISINVEST IN INDIA

1. JOHN M. EAGAN, AREA DIRECTOR, HERCULES INCORPORATED, WHO OPERATES OUT OF LAHORE, RECENTLY CALLED AT CONGEN TO INFORM US THAT HERCULES HAS DECIDED TO SELL ITS 21 PERCENT SHARE OF HERDILIA CHEMICALS, LTD., LOCATED IN BOMBAY AND GIVE UP ITS OPERATION IN INDIA. ACCORDING TO EAGAN, HERDILIA PAID A GOOD DIVIDEND IN 1973, AND IS MAKING A GOOD PROFIT THIS YEAR, BUT HERCULES AND THE MAJOR BRITISH SHAREHOLDER (WHICH HE DESCRIBED AS BP BUT SHOWN IN OUR BOOKS AS DISTILLERS CO., LTD., WHICH MIGHT BE A BP SUB-SIDIARY) HAVE DECIDED OPERATING IN INDIA JUST IS NO LONGER WORTH THE CANDLE. BP OWNS 22 PERCENT OF HERDILIA, WITH MINOR HOLDINGS BY OTHER BRITISH CONCERNS. THE MAJOR INDIAN SHAREHOLDER IS E.I.D. PARRY OF MADRAS.

2. EAGAN INDICATED THAT THE REGULATION OF LAST JULY LIMITING
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DIVIDENDS WAS THE LAST STRAW. HE SAID THAT E.I.D. PARRY HOPES

TO PURCHASE THE HERCULES BP SHARES, AND APPARENTLY IS LOOKING FOR FINANCING AT THE PRESENT. HE STATED THAT MANY DETAILS REMAIN TO BE WORKED OUT, SUCH AS REPATRIATION OF THE CAPITAL INVESTED, FOR EXAMPLE, BUT HE WANTED TO LET US KNOW THAT THE DECISION HAS DEFINITELY BEEN TAKEN BY HERCULES/BP TO DIVEST THEMSELVES OF THEIR HERDILIA HOLDINGS.

3. WE WILL KEEP IN TOUCH WITH THE HERDILIA PEOPLE HERE IN AN EFFORT TO FOLLOW DEVELOPMENTS. UNFORTUNATELY, THE PRESENT GENERAL MANAGER, AN OLD INDIAN HAND WELL AND FAVORABLY KNOWN TO THE CONGEN, IS DEPARTING INDIA FOR GOOD ON DECEMBER 27, BUT WE WILL TRY TO FIND OTHERS IN THE PLAN WHO WILL KEEP US INFORMED.

BANE UNQUOTE
MOYNIHAN

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